Creating Strong Links

Travel Manitoba

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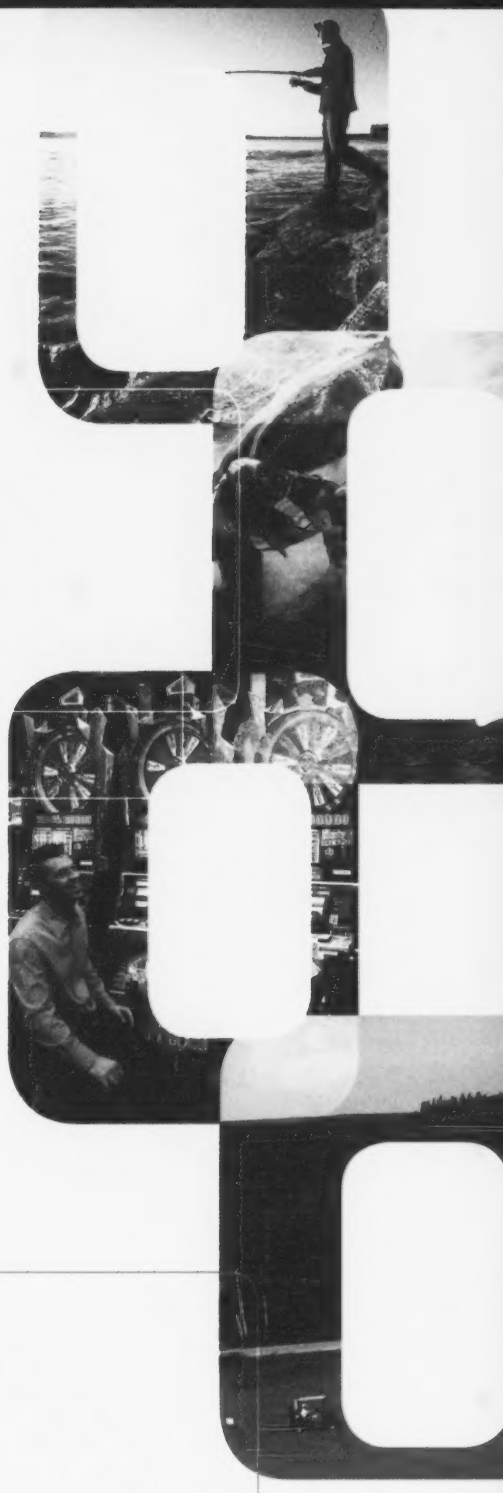

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TRAVEL MANITOBA ANNUAL REPORT
2007–08

MEETING

Challenges Together

Tourism is a highly competitive and diverse industry that has demonstrated strong economic growth potential for Manitoba, currently contributing $1.1 billion to the province's Gross Domestic Product and sustaining over 15,000 direct jobs. Tourism permeates all facets of our community, involves all geographic areas, and includes many different sectors of the economy. Tourism is big business, and it's everybody's business.

The global tourism industry has proven to be a resilient and sustainable sector of the economy, but like most other industries, tourism is changing rapidly. Higher expectations from travellers require constant attention to product service and quality. The U.S. market continues to be challenging, given its weakened economy, rising gas prices, a strong Canadian dollar and new passport requirements. And the tourism industry has become increasingly competitive, as destinations ramp up their marketing efforts to attract visitors.

But despite these challenges, Manitoba is succeeding. In 2007, the province registered the third-strongest growth in the country. The Conference Board of Canada projects that, when final numbers are calculated, overnight visitation revenues for Manitoba will be up by 12.3% in 2007 over 2006. Hotel occupancy and revenues increased, airport passenger traffic climbed, and many festivals and events achieved near-record attendance last year.

"In 2007, the province registered the third-strongest growth in the country."

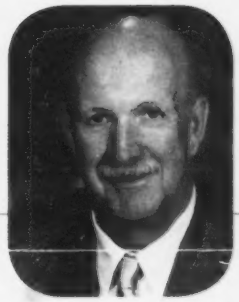
The continued success of Manitoba's tourism industry depends on business partners working together to meet the challenges of the future. Travel Manitoba is dedicated to creating an environment that encourages industry to work together: through linked product development initiatives that make the most of Manitoba's diverse culture, heritage and geography; through partnered marketing programs that leverage limited resources for maximum benefit; and through quality initiatives that ensure the expectations of our visitors are being met.

As the Crown corporation positioned to lead the development and marketing of the province's tourism industry, Travel Manitoba will continue to forge and nurture these critical links between private and public sector partners as we meet future challenges together.

TRAVEL MANITOBA IS A CROWN CORPORATION DEDICATED TO LEADING AND STIMULATING SUSTAINABLE GROWTH IN MANITOBA'S $1.1 BILLION TOURISM INDUSTRY. LED BY AN INDUSTRY-MEMBER BOARD OF DIRECTORS, THE AGENCY IS RESPONSIBLE FOR TOURISM MARKETING, VISITOR INFORMATION SERVICES, PRODUCT DEVELOPMENT, TOURISM RESEARCH AND PROVIDING INFORMATION TO THE PUBLIC.

FUNDING IS RECEIVED FROM BOTH THE GOVERNMENT OF MANITOBA AND THROUGH PARTNERSHIP AND LEVERAGED MARKETING WITH THE TOURISM INDUSTRY.

Message from the Chair and President & CEO



PAUL ROBSON
CHAIR OF THE BOARD
OF DIRECTORS

HUBERT MESMAN
PRESIDENT AND CEO,
TRAVEL MANITOBA

When Travel Manitoba was established as a Crown corporation in 2005, the Board and management recognized that a critical measure of success would be a close alignment with industry in all facets of our business plan. Successful tourism destinations have strong, interdependent relationships amongst industry, destination marketing organizations and government. Manitoba has established an enviable position in Canada as a destination that has created these vital links to foster growth in the tourism sector.

According to the Conference Board of Canada, overall tourism expenditures in Manitoba are forecast to increase 12.3 per cent. Key industry performance measurements, including hotel occupancies and room rates, airport passenger volumes and attendance at major events and attractions, all enjoyed significant improvements. This was particularly encouraging given the continued decline in American visitors.

Our industry partners, 60 per cent of whom were rural Manitoba operators, invested over $900,000 in co-operative marketing initiatives in 2007–2008. Partnerships with Destination Winnipeg, Brandon First, the Conseil de développement économique des municipalités bilingues du Manitoba (CDEM), the Manitoba Lodges & Outfitters Association, the Regional Tourism Associations, the Manitoba Hotel Association, and the Manitoba Tourism Education Council (MTEC) served to strengthen our market penetration and drive overall performance growth.

Travel Manitoba's 2007–2008 "Unforgettable Manitoba" marketing campaign continued to strengthen the content and consumer interaction on our website. The addition of direct linkages from travelmanitoba.com to operator product packages has enhanced our ability to help industry "close the sale." A new marketing component,

"It's My Unforgettable Manitoba Moment," was successfully launched to encourage visitors to share their Manitoba travel experiences. Unique visits to our website have grown by 16% and our 2007 net conversion rate – visitor inquiries that "convert" to actual visits – was 18 per cent.

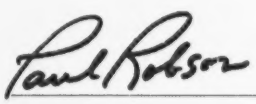
International marketing efforts were bolstered through the hosting of seven familiarization tours showcasing Manitoba to more than 40 operators. Travel Manitoba staff participated in major international travel trade shows, including those in the United Kingdom, Germany, United States and Canada, and met with operators at Rendezvous Canada. These initiatives resulted in the expansion of Manitoba product lines being carried by operators in international markets. In collaboration with the Manitoba Lodges & Outfitters Association, significant expansion in the promotion of fishing and hunting in the U.S. paid dividends in retaining the critical U.S. high-yield market.

Positive media coverage of Manitoba reached a potential circulation of 180 million people worldwide in 2007, and was valued at more than $12 million dollars. Of this $12 million, Travel Manitoba generated $4.5 million dollars worth of publicity, measured in equivalent ad value, exclusively from media outreach initiatives, including our media tour program.

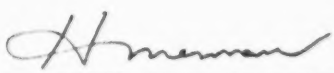
Our partnerships with Destination Winnipeg and Brandon First in the area of meetings and conventions and the acquisition of major events continued to pay dividends. Winnipeg hosted over 55,000 delegates, resulting in estimated direct spending of approximately $49 million in 2007. Major bids and event development included the 2010 Manitoba Homecoming, the 2012 World Indigenous Games and the 2015 World Police and Fire Games. Homecoming 2010 is expected to attract up to 50,000 incremental visitors and generate $20 million in new tourism revenue.

While the Conference Board of Canada continues to forecast steady growth for Manitoba's tourism sector, significant challenges will confront the industry in the coming years. Major shifts in global economies, particularly in the U.S., combined with rising fuel and other consumer costs, will impact travel decisions and destination choices. Competition for tourism dollars continues to accelerate. Labour supply shortages have affected many areas of the province. As well, sustainable tourism practices that recognize the impact of travel on global warming will be paramount in future tourism development strategies.

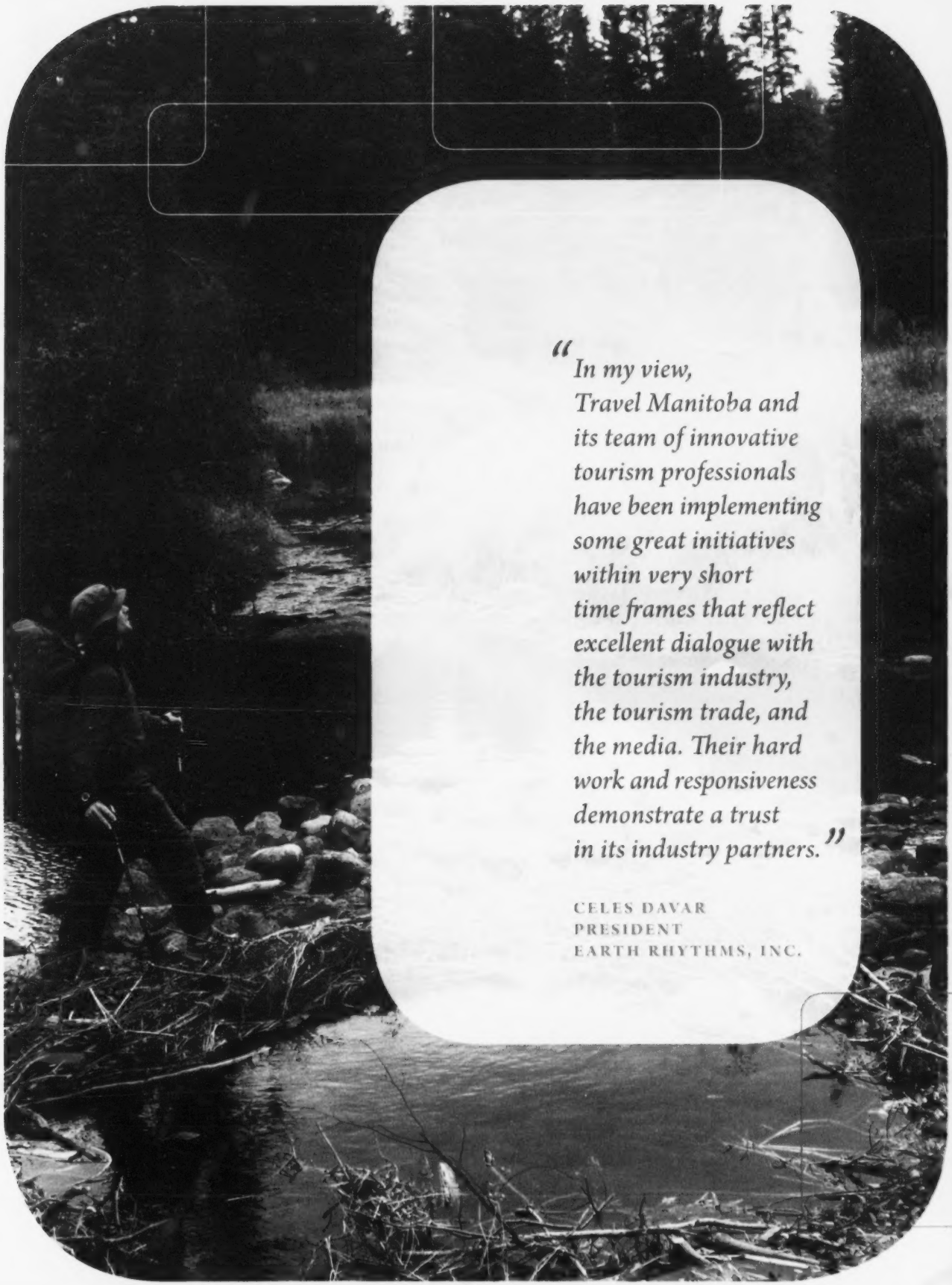
We are very proud of the strong links that have been built between Travel Manitoba and our industry partners. We also recognize and appreciate the vital support of the Province of Manitoba. The growth and development of Manitoba's tourism industry will, to a great degree, be dependent on the policies and direction set by governments during a period in which global travel will grow dramatically over the next 10 years. We look forward to further strengthening our industry partnerships and government links to grow the business of tourism in Manitoba.



Paul Robson



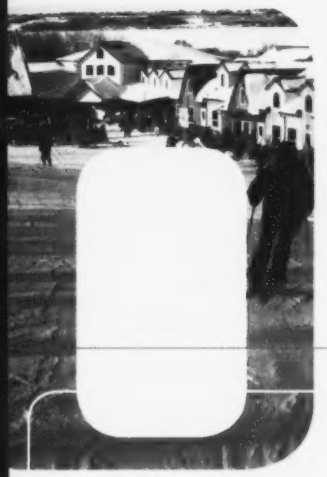
Hubert Mesman



"In my view, Travel Manitoba and its team of innovative tourism professionals have been implementing some great initiatives within very short time frames that reflect excellent dialogue with the tourism industry, the tourism trade, and the media. Their hard work and responsiveness demonstrate a trust in its industry partners."

CELES DAVAR
PRESIDENT
EARTH RHYTHMS, INC.

Forging THE Links



Travel Manitoba's ability to forge strong links between industry and visitors is based on an entrepreneurial and innovative approach that incorporates market-driven and research-based principles, and the guidance of three industry advisory committees. These committees provide advice to the Travel Manitoba management and staff as strategic priorities are undertaken. Industry Task Forces, formed to address specific issues or opportunities not included in the mandate of the Industry Advisory Committees, provide an additional avenue for industry involvement and input.

Working in partnership with the public and private sector, Travel Manitoba has increased the total level of investment in tourism development and marketing.

MISSION

Travel Manitoba will be the leader in stimulating innovative, sustainable tourism growth in Manitoba.

MANDATE

Travel Manitoba:

- Markets the province as a desirable tourism destination;
- Provides visitor and information services;
- Stimulates productivity and development for people and businesses involved in the tourism industry;
- Enhances the quality and competitiveness of tourism products and services;
- Encourages and participates in tourism consultations and undertakings with individuals, businesses, agencies and government;
- Enhances public awareness of tourism; and
- Promotes the training, development and employment of people involved in the tourism industry.

STRATEGIC PRIORITIES

Travel Manitoba focuses on four strategic priorities:

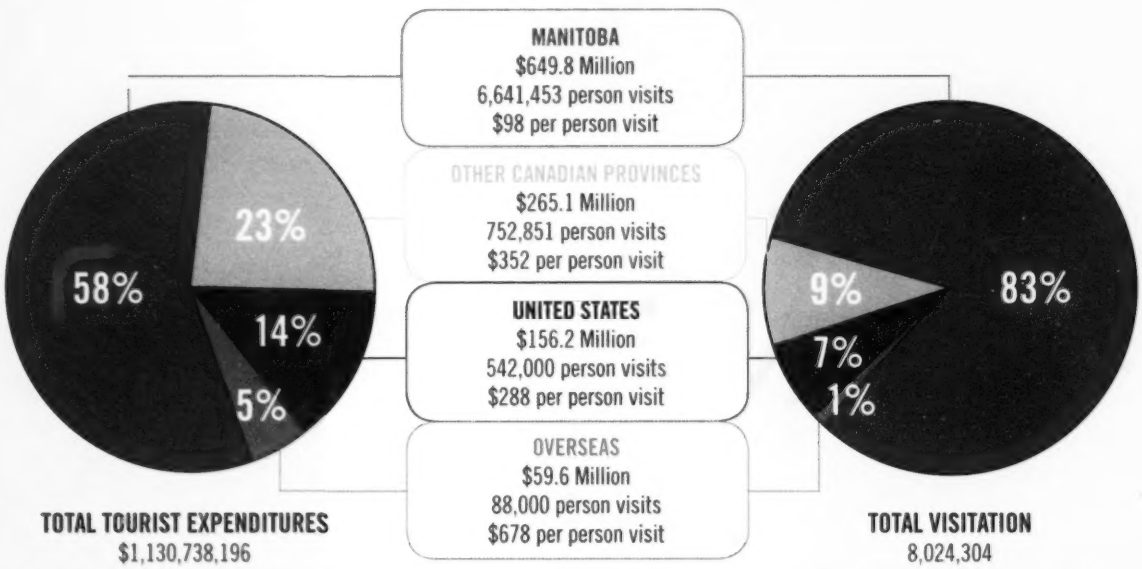
- Promoting Manitoba as a quality, year-round tourism destination;
- Ensuring exceptional visitor experiences;
- Fostering a professional tourism industry; and
- Strengthening an efficient and effective organization with a positive corporate culture.

By focusing on these priorities, Travel Manitoba aims to increase tourism revenues in the province, adding to the economic strength of Manitoba and increasing the quality of life experienced by all residents.

Linking WITH Markets AND Visitors

The province's "high-volume" markets (Manitoba, Ontario, Saskatchewan, North Dakota and Minnesota) represent over 80 per cent of tourism expenditures in Manitoba. Other markets are considered "high-yield" due to the longer duration of the visitor stays and the higher daily expenditures: the long-haul United States (ie. over 800 kilometres), Germany, the United Kingdom, and the emerging market of China.

Tourism Expenditures & Visitation Overall 2006



TOTAL TOURIST EXPENDITURES
$1,130,738,196

OVERNIGHT EXPENDITURES FOR 2006
$792,581,353

SAME DAY EXPENDITURES FOR 2006
$338,156,843

TOTAL VISITATION
8,024,304

OVERNIGHT PERSON VISITS FOR 2006
3,407,538

SAME DAY PERSON VISITS FOR 2006
4,616,766

Source: Statistics Canada – Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), Research Resolutions – 2006 Detailed Tabulations.

** Discrepancies between Conference Board of Canada 2006 estimates and Statistics Canada Travel Survey of Residents of Canada (TSRC) data is due to a change in methodology introduced for the 2006 reporting year. Outbound origin expenditures have been removed. The 2006 TSRC is the new baseline year for domestic tourism in Canada. As a result, the 2006 TRSC data cannot be compared to those of previous years.

PROVINCIAL INDUSTRY PERFORMANCE

While visitation statistics have not been finalized for 2007, overnight visitation revenues are expected to be up by 12.3 per cent over 2006,** generating a total of $1.019 billion.

According to The Conference Board of Canada projections, in 2007, Manitoba's tourism industry registered the third-strongest growth in the country since 2002, trailing only Newfoundland and Saskatchewan. Domestic leisure travel will continue to be the mainstay for growth for Manitoba: domestic visits to and within the province are projected to expand 2.4 per cent in 2008. Low unemployment and strong increases in personal disposable income in the province will help support the growing demand for pleasure travel.

However, Statistics Canada reported a 9.4 per cent decline in U.S. same-day and overnight direct entries into Manitoba in 2007. This compares to an 11 per cent decline in direct entries from the U.S. to Canada over the same period. The greatest portion of this decline was related to same-day traffic, which was down by 13.3 per cent for Manitoba and 18 per cent for Canada. The downturn is attributed to the rise of the Canadian dollar, border-crossing issues and increasing fuel prices.

On the positive side, entries for one or more nights from other international origins were up 9.8 per cent, exceeding the Canadian total of 3.6 per cent.

The estimated number of trips to Canada from overseas markets from Germany increased 1.6 per cent, and five per cent from the United Kingdom in 2007. However, the number of trips from Japan was down, showing a 14.4 per cent decrease. The number of Canadians returning from the U.S. continues to increase for both Manitoba and Canada, with 20.4 per cent and 10.9 per cent increases, respectively.

PERFORMANCE OUTLOOK

Going into 2008, domestic travel is expected to grow even faster than last year. Strong increases in wages and earnings throughout the province are expected to spur leisure travel. In addition, the bustling business environment, particularly in the mining and commodities sector, is expected to drive strong growth in corporate travel this year.

Travel Markets Outlook Financial Focus

TOURISM INSIGHTS FOR CANADA AND THE PROVINCES – SPRING 2008

(F=FORECAST)

MANITOBA	2007F	2008F	2009F	2010F	2011F	2012F
Total (000s overnight province visits)	3,646	3,716	3,803	3,906	4,015	4,118
(percentage change)	5.2	1.9	2.4	2.7	2.8	2.6
Domestic	3,292	3,370	3,459	3,562	3,669	3,767
(percentage change)	6.1	2.4	2.6	3.0	3.0	2.7
Business	163	167	172	176	182	186
(percentage change)	5.9	2.6	2.7	2.8	2.9	2.5
Pleasure	1,649	1,687	1,730	1,787	1,838	1,888
(percentage change)	6.3	2.3	2.6	3.3	2.9	2.7
United States	264	254	250	246	244	244
(percentage change)	-6.6	-3.9	-1.8	-1.4	-0.6	-0.1
Overseas	89	92	95	98	102	106
(percentage change)	14.7	3.0	3.1	3.6	4.4	4.0
Total Expenditures ($ millions overnight)	1,019	1,045	1,094	1,157	1,221	1,292
(percentage change)	12.3	2.6	4.6	5.8	5.6	5.7
Travel Price Index *(percentage change)*	2.07	1.33	1.51	1.60	1.45	1.34

Source: Statistics Canada, The Conference Board of Canada

** Discrepancies between Conference Board of Canada 2006 estimates and Statistics Canada Travel Survey of Residents of Canada (TSRC) data is due to a change in methodology introduced for the 2006 reporting year. Outbound origin expenditures have been removed. The 2006 TSRC is the new baseline year for domestic tourism in Canada. As a result, the 2006 TRSC data cannot be compared to those of previous years.

Challenges and trends

Tourism is affected by global economic, social and environmental issues. Shifting travel patterns are influenced by competition, product quality and diversity, infrastructure and personal security. Future challenges to tourism growth include:

- **Decline in U.S. visitation** – Manitoba and the rest of Canada continue to experience a decline in U.S. visitation. A number of factors have contributed to the drop, such as:

  A weakened U.S. economy – The struggling U.S. economy and sub-prime housing crisis have reduced U.S. consumer confidence in spending discretionary income on travel.

  The value of the Canadian dollar – U.S. visitors must now pay more to vacation in Manitoba and some will look for more budget-friendly vacations within their own state.

  Rising gas prices – Record prices make vacationing in Manitoba even more expensive for U.S. visitors.

  The Western Hemisphere Travel Initiative – confusion over document requirements, costs associated with passports and border delays have made international travel more inconvenient for U.S. citizens.

- **Transportation infrastructure** – The province lacks direct-access air flights from major markets, making travel to Manitoba more expensive and time-consuming. New air travel fuel surcharges make travel to the province even more prohibitive. Improvements to the provincial highways and roadside services are required to maintain high-volume automobile traffic.

- **Labour shortages** – According to estimates from the Conference Board of Canada, the national tourism industry will be short nearly one million workers by 2020.

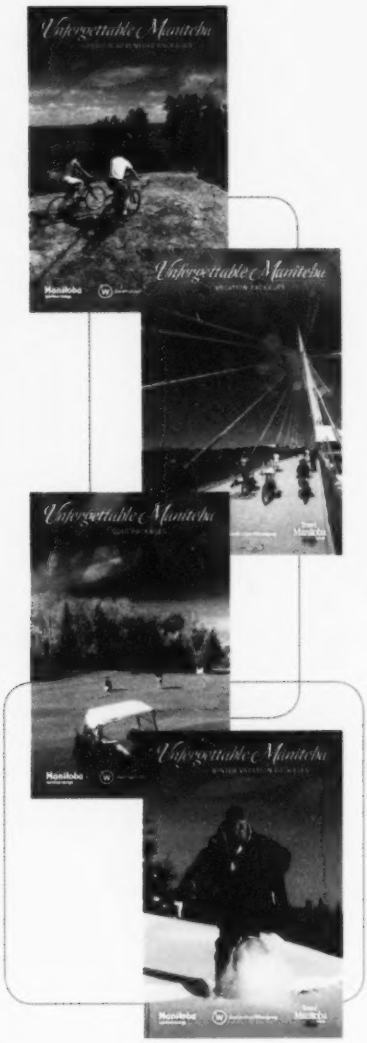
- **Sustainable tourism** – As the world becomes more aware of the impacts of human activity on the health of the planet, travellers will increasingly seek tourism experiences that limit carbon emissions and preserve natural resources.

- **Competition** – The tourism industry has become increasingly competitive, as other countries ramp up their marketing efforts to attract visitors.

- **Traveller expectations** – Expectations among tourists regarding the quality of service received during a vacation have increased dramatically over the past few years. To remain competitive, the industry will need to meet these expectations.

To ensure that Manitoba's tourism sector is able to remain competitive with other national and international jurisdictions, Travel Manitoba developed an innovative Customer Assurance Plan (CAP) in 2008 that sets minimum criteria for participation in the organization's promotional and marketing programs, beginning in 2009 (see page 18).

Linking Industry, Visitors AND Experiences



When Travel Manitoba launched its 2007 marketing campaign, there were more ways than ever for the tourism industry to participate. By working together with industry operators, Travel Manitoba was able to extend the reach and impact of its marketing efforts. And those efforts paid off.

Hotel occupancy rates in Manitoba were up by 2.9 per cent in 2007, and scheduled arrivals at the James Armstrong Richardson International Airport rose by 5.6 per cent. Travel Manitoba's seven websites – targeted at tourists, travel media, travel industry and the travel trade – were visited by more than 329,000 unique viewers, who collectively viewed more than 2.4 million pages of travel-planning information.

HIGH-VOLUME PRIMARY ACCESS TRAVEL AREA

The 2007 marketing campaign built on the success of Travel Manitoba's "Unforgettable Manitoba" positioning, introduced in 2006. Numerous marketing tactics were used to attract visitors in the high-volume markets of Manitoba, Saskatchewan, Northwestern Ontario, North Dakota and Minnesota.

Some of the highlights of the 2007 campaign included:

- A refreshed Travel Manitoba website, with expanded web-based marketing opportunities.
- The development of interactive maps on the Travel Manitoba website, featuring attractions, travel routes, featured-advertiser information and packaging specials designed to increase site visits and the time viewers spent on the website.
- Six free-standing inserts, highlighting key tourism experiences and newly created travel packages. A key component of the program was the unique microsite associated with each insert, linked to Travel Manitoba's main website. The microsites allowed for tracking of inquiries and links back to industry partners' own websites.

- In January 2008, an additional component of the interactive web experience was launched. Building on the strength of the "Unforgettable Manitoba" positioning statement, the "It's My Moment" campaign was designed to engage potential visitors and encourage them to share real travel experiences, enticing audiences to learn more about Manitoba experiences.

The success of the "Unforgettable Manitoba" campaign is borne out by the results of Travel Manitoba's 2007 Conversion Study, undertaken to determine the percentage of inquirers who are "converted" to becoming actual visitors to the province. The 2007 study showed an 18 per cent net conversion rate, a three per cent increase over 2006.

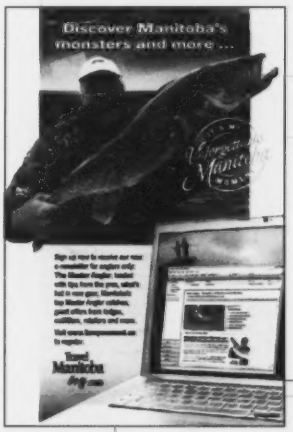
HIGH-YIELD MARKETS

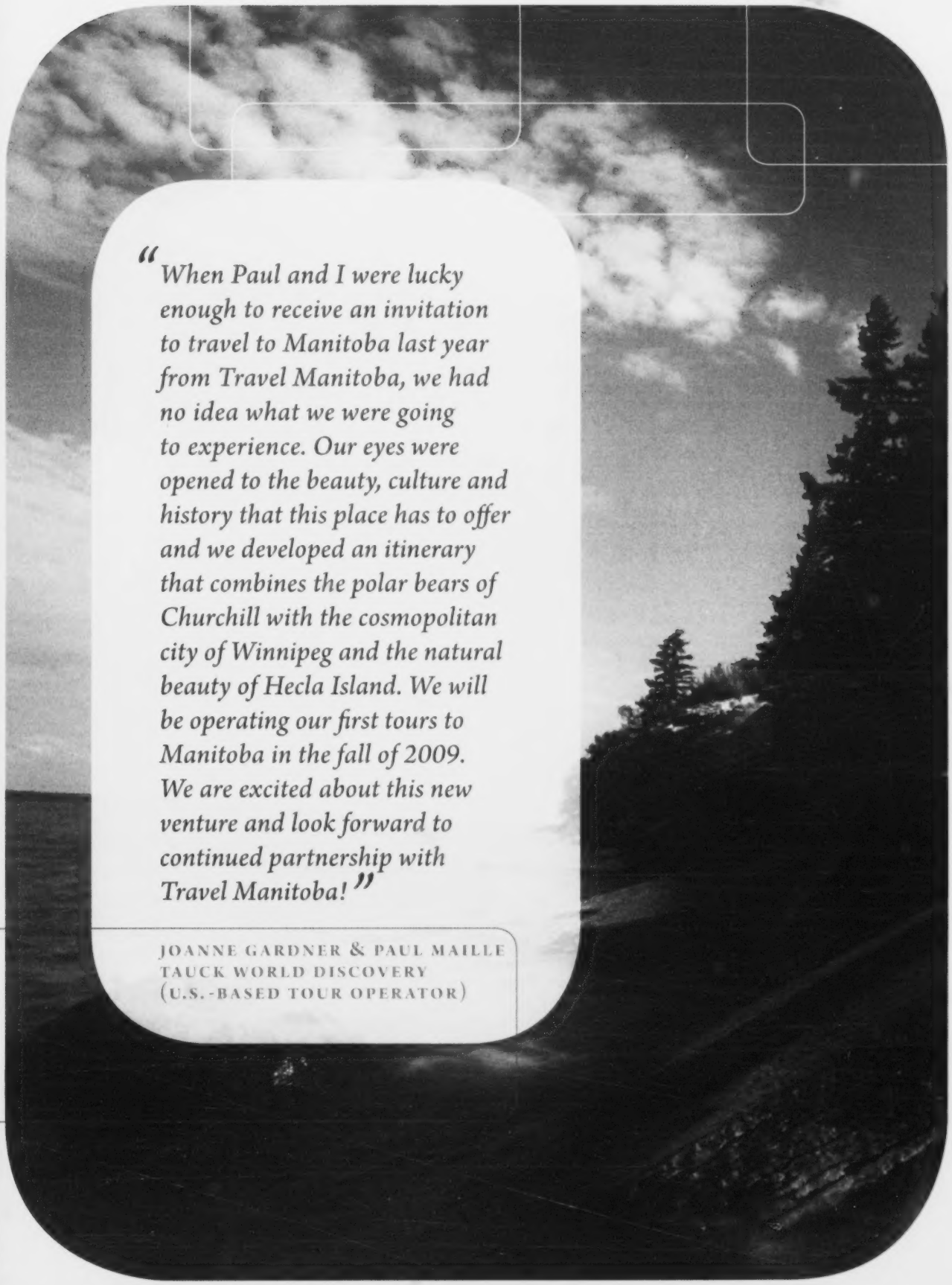
The 2007 marketing plan was designed to encourage visitation from high-yield markets by strengthening relationships with the travel trade, and reaching consumers primarily through media relations and on-line activities.

Focusing on the international markets of long-haul U.S. states (Texas, California and Florida), the United Kingdom, Germany, and the emerging market of China, the campaign highlighted signature outdoor adventure and fishing and hunting products.

In 2007–08, accomplishments related to growing this lucrative market included:

- Expansion of the Manitoba tourism products being carried by six operators in the United Kingdom and Germany.
- Attendance by Travel Manitoba staff and industry partners at 11 consumer shows in a variety of markets, including Canada, the United States, the United Kingdom and Germany.
- Driving traffic to provincial fishing and hunting lodges through innovative promotions at Chicago and Minneapolis sport shows. Travel Manitoba launched an attention-getting fishing promotion that invited attendees to learn more about "Manitoba Monsters", (also known as Northern Pike). The show was well attended and there was strong interest from angling and wildlife enthusiasts.
- Direct-to-consumer advertising to the fish/hunt market included high-profile magazines such as *In-Fisherman*, *Game & Fish* magazine, and *North American Fisherman*, and a long-haul U.S. direct mail campaign.
- Attendance by Travel Manitoba staff and industry partners at eight travel trade shows in Canada and overseas, including Rendezvous Canada.
- Partnering with the Canadian Tourism Commission (CTC) to educate the travel trade about Manitoba experiences. The CTC partnered with Travel Manitoba and Frontiers North Adventures to offer German consumers a chance to win a six-night, all-inclusive polar bear viewing trip, following the immense publicity around baby polar bear "Knut". In addition, Travel Manitoba was featured in the CTC's signature publication, *Pure Canada*.
- Hosting seven familiarization tours, showcasing Manitoba products to 45 tour operators.
- New web-based initiatives including advertising on Expedia.com and Google ad-word campaigns.
- The creation of new international marketing tools translated into French, German and Chinese and featured on Travel Manitoba's website.





"When Paul and I were lucky enough to receive an invitation to travel to Manitoba last year from Travel Manitoba, we had no idea what we were going to experience. Our eyes were opened to the beauty, culture and history that this place has to offer and we developed an itinerary that combines the polar bears of Churchill with the cosmopolitan city of Winnipeg and the natural beauty of Hecla Island. We will be operating our first tours to Manitoba in the fall of 2009. We are excited about this new venture and look forward to continued partnership with Travel Manitoba!"

JOANNE GARDNER & PAUL MAILLE
TAUCK WORLD DISCOVERY
(U.S.-BASED TOUR OPERATOR)

MEETINGS, CONVENTIONS AND EVENTS

Each year, Manitoba hosts meeting and convention delegates from around the world. In 2007, Winnipeg hosted a total of 198 meetings and conventions for approximately 55,000 delegates, which generated more than $49 million dollars in spending.

Destination Winnipeg takes the lead role in selling meetings and conventions in the capital region, along with coordinating bids for sporting and special events. Travel Manitoba concentrates on the promotion of pre and post-event tours to rural areas, and in supporting the work of Brandon First in attracting conventions and events.

Key accomplishments in 2007–08 in this market included:

- Supporting Team Winnipeg efforts to secure over 160 meetings and conventions in 2007 through sales blitzes and familiarization tours.
- Partnering with Destination Winnipeg to explore the potential of the Religious Convention and Aboriginal markets.
- Partnering with Destination Winnipeg on major events acquisition. Bids currently in development include the World Police and Fire Games, and the inaugural World Indigenous Games.
- Partnering with Destination Winnipeg and the Province of Manitoba to develop Homecoming 2010, a year-long signature event that will encourage former Manitobans to return home to experience the province's competitive business environment and new tourist attractions. The event is expected to draw up to 50,000 person visits and generate $20 million in revenues.

ABORIGINAL TOURISM

Travel Manitoba supported the provincial Aboriginal tourism initiative, which aims to increase Aboriginal participation in the tourism industry and enhance the Aboriginal tourism product by:

- Promoting the Manito Ahbee festival at pow-wows held in New Mexico, Connecticut and Milwaukee.
- Featuring nine Aboriginal packages in the series of free-standing inserts distributed in our high-volume markets.

FRANCOPHONE TOURISM

Travel Manitoba works in partnership with the Conseil de developpement economique des municipalites bilingues du Manitoba (CDEM), the French Language Services Secretariat, Entreprises Riel, and the Corridor touristique francophone de l'Ouest (CFTO) to build capacity and visitation to Francophone communities and their regions in Manitoba.

In 2007, key accomplishments included:

- Co-hosting tour operators from France on a Manitoba familiarization trip that included visits to Festival du Voyageur and Churchill, Manitoba. Travel Manitoba is also partnering with CDEM to host a Manitoba reception for tour operators attending Top Resa in Paris.
- Silver-level sponsorship of the St. Boniface Celebrations 2008, including support of the Francoforce Festival.
- Translation of new marketing materials, web pages, signage and research tools to entice the travel trade to consider Manitoba as a destination, allow francophone visitors to more fully participate in marketing promotions, and better understand the travel intentions of francophone visitors.

VISITOR SERVICES

Through Visitor Services, Travel Manitoba is able to provide a direct link to tourists by providing advice about travel in Manitoba at five Visitor Services Centres located throughout the province and at its main Explore Manitoba Centre at The Forks.

In 2007, Travel Counsellors assisted with over 80,000 in-person, phone, on-line and mail inquiries. A decrease in phone inquiries versus on-line is indicative of the consumer's growing use of the Internet for travel information.

Accomplishments included:

- Responding to more than 8,000 telephone inquiries from potential travellers about Manitoba tourism experiences.
- Providing in-person travel counselling to more than 40,000 visitors.
- Fulfilling more than 20,000 requests for information kits.
- Working with a Travel Manitoba task force to conduct a comprehensive review of Visitor Services functions. The outcome of the review includes future plans to provide an increased quality of service to visitors, new revenue streams for Travel Manitoba and an updating of some of the Visitor Services Centres.

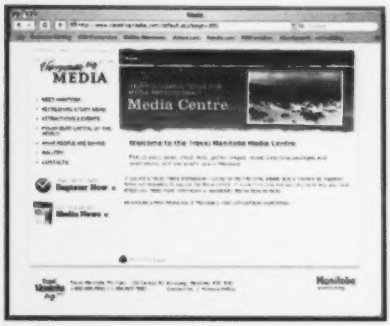
TRAVEL MEDIA RELATIONS

The goal of Travel Manitoba's Media Relations program is to secure unpaid media exposure of positive travel experiences. In 2007, the level of media exposure was unprecedented: $12 million in total monitored coverage. Of this, $4.5 million was directly attributable to Travel Manitoba's outreach, including $3.4 million from media visits, and $1.1 million from its News Bureau activities.

"In 2007, the level of media exposure was unprecedented: $12 million in total monitored coverage."

Accomplishments included:

- Generating $4.5 million in editorial coverage, including major outlets such as *USA Today*, *The Times (U.K.)*, *Dallas Morning News* and *Canadian Living Magazine*. Cumulative media coverage reached a potential circulation of 180 million people worldwide, with features in media outlets in Canada, the U.S., the U.K., Germany and other markets.
- Hosting more than 100 travel media on tours of Manitoba travel experiences.
- Securing the bid to host the 2008 *Canadian Chapter Meeting of the Society of American Travel Writers*. Travel Manitoba will host the event along with partners VIA Rail Canada, Destination Churchill, Destination Winnipeg, Calm Air, and others. The event will bring more than 50 members of the travel media to Manitoba for story-gathering tours.



TRAVEL MANITOBA MEDIA WEBSITE RECOGNIZED

TRAVEL MANITOBA'S MEDIA WEBSITE RECEIVED A SPECIAL COMMENDATION FROM THE CANADIAN TOURISM COMMISSION IN THE INAUGURAL MEDIA KIT 2.0 AWARD COMPETITION. ENTRIES WERE EVALUATED ON CONTACT INFORMATION, AVAILABILITY OF IMAGES, NAVIGATION, TONE, INSPIRATION AND THE AVAILABILITY OF STORY IDEAS FOR JOURNALISTS FACING TIGHT DEADLINES.

Birch wine makes you feel so fine

"By working with Travel Manitoba and Destination Winnipeg, we are able to target more distant markets, because the reality is we are a non-profit organization. Our promotional budget is small; as a result, we depend greatly on their support to target niches like Northwest Ontario, North Dakota, Minnesota and Saskatchewan."

JOSÉE VAILLANCOURT
EXECUTIVE DIRECTOR
FESTIVAL DU VOYAGEUR

Linking Industry Partners

Travel Manitoba plays a central role in providing industry members with the opportunity to connect with other partners, through shared marketing, research and learning initiatives, celebrating excellence and communicating information affecting tourism.

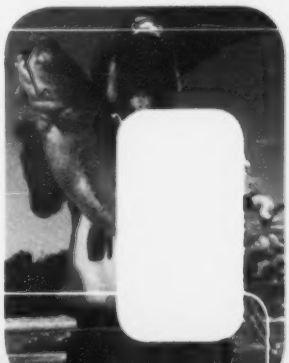
PARTNERED MARKETING

A major aspect of Travel Manitoba's marketing strategy focuses on providing opportunities for small and large tourism businesses to work together to attract visitors.

By working together with industry operators, other destination marketing organizations, industry associations and public sector organizations, Travel Manitoba is able to extend the reach and impact of its marketing efforts. In turn, operators with limited marketing funds can benefit from the cumulative effect these efforts have in our primary markets.

Accomplishments in partnered marketing programs included:

- Industry investment of $900,000 in co-operative marketing initiatives.
- 60 per cent of the partners in our 2007/08 marketing campaign were rural-based operators, a 45 per cent increase in rural involvement over the previous year.
- Working with Destination Winnipeg and Team Winnipeg partners to sell meetings and conventions in the capital region, developing the group tour market through the efforts of Winnipeg Tour Connection, and supporting the efforts of Events Winnipeg in attracting sporting and special events.
- Supporting Brandon First's efforts to focus on agricultural and sport markets through investment in shared marketing and sales programs.
- Partnering with the Manitoba Lodges & Outfitters Association to produce a fishing free-standing insert promoting provincial angling packages.
- Working collaboratively with the Manitoba Tourism Education Council to attract, train and motivate a high-quality tourism workforce.
- Supporting the efforts of Destination Churchill in the development of Churchill as a four-season destination through improved accessibility, ensuring the quality of the visitor experience and effective marketing.
- Developing coordinated marketing plans with the province's seven Regional Tourism Associations.



PROMOTING AND RECOGNIZING INDUSTRY EXCELLENCE

Travel Manitoba is dedicated to fostering a professional tourism industry by providing development resources and acknowledging outstanding efforts, and by assisting Manitoba's tourism industry in meeting the demands and expectations of visitors.

To ensure that Manitoba's tourism sector is able to continue to meet traveller demands for professionalism, and services remain competitive with other destinations, Travel Manitoba has developed a new Customer Assurance Plan (CAP) that will come into effect for the 2009 marketing year.

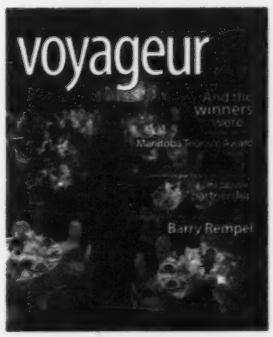
Created in consultation with representatives from industry, CAP sets minimum criteria for businesses participating in Travel Manitoba marketing programs.

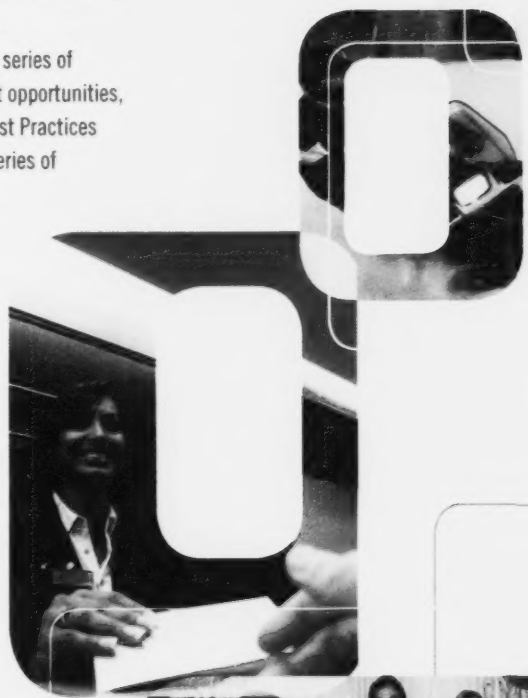
To be included, businesses and organizations will need:

- Current and sufficient liability insurance.
- Necessary licences and permits required to operate.
- The ability to communicate and receive messages from customers throughout its season of operation and the ability to respond to inquiries within a reasonable period of time throughout the year.
- Promotions or advertisements that represent the actual experience or service being offered to the consumer.
- To be in good standing with Travel Manitoba's complaint procedure.

Along with the development of the CAP program, other accomplishments in the area of Industry Quality and Competitiveness include:

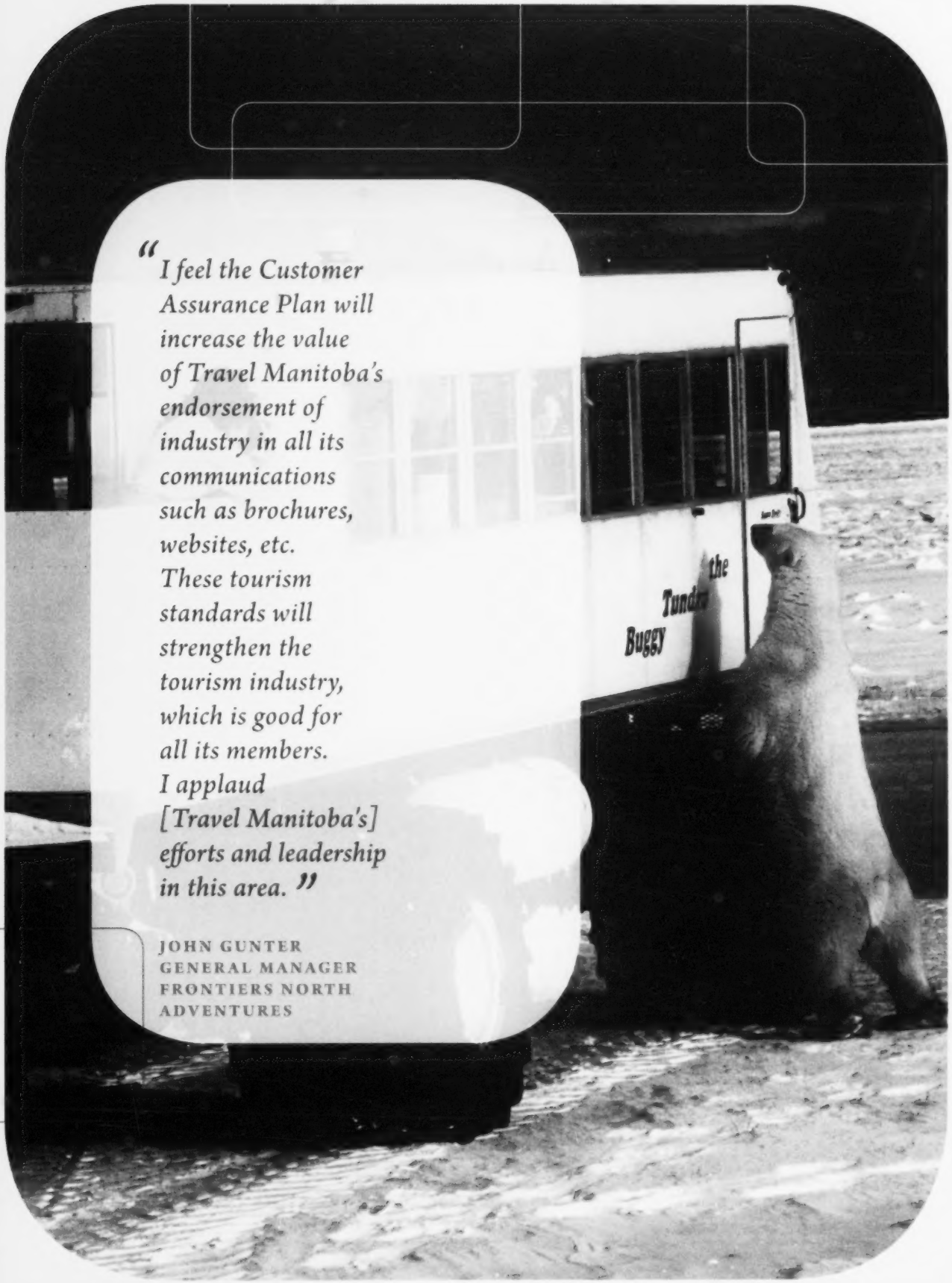
- Hosting another successful provincial tourism conference in co-operation with the Manitoba Hotel Association. Participation increased by 49 per cent over the previous year and the event received a high rate of satisfaction among delegates.
- Recognizing excellence among industry by organizing the Manitoba Tourism Awards, which featured a new product development award category that generated the most nominations among the 10 award categories.
- Providing industry with a series of professional development opportunities, including launching a Best Practices Mission program and a series of e-marketing workshops.





MANITOBA HOTEL ASSOCIATION

MANITOBA TOURISM Awards



"I feel the Customer Assurance Plan will increase the value of Travel Manitoba's endorsement of industry in all its communications such as brochures, websites, etc. These tourism standards will strengthen the tourism industry, which is good for all its members. I applaud [Travel Manitoba's] efforts and leadership in this area."

JOHN GUNTER
GENERAL MANAGER
FRONTIERS NORTH
ADVENTURES

RESEARCH FOR INDUSTRY

Travel Manitoba is dedicated to providing industry with research and market intelligence that supports the corporation's business plan and assists business owners and tourism organizations in effective short- and long-term planning.

Accomplishments supporting this goal included:

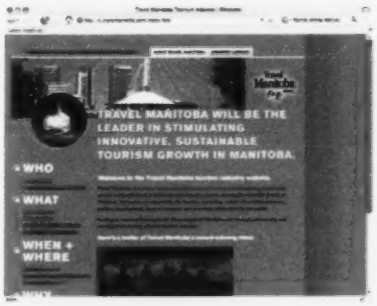
- Conducting a conversion study to assess the effectiveness of the 2007 marketing campaign by measuring the number of inquiries that "convert" into actual visits to the province. The survey indicated an 18 per cent net conversion rate – an increase of three per cent over 2006.
- Undertaking research to assess the awareness levels in U.S. markets of the Western Hemisphere Travel Initiative (WHTI) and its potential impact on visitation to Manitoba.
- Surveying international tour operators to identify barriers to packaging Manitoba tourism product for the group tour market.
- Improving analytics to track marketing programs and measure industry satisfaction with Travel Manitoba services and initiatives.

COMMUNICATING WITH INDUSTRY

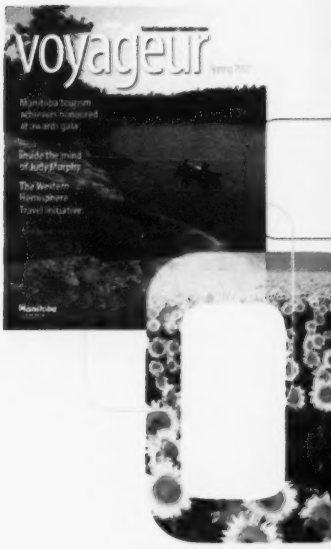
Travel Manitoba shares information about the organization's programs and partnered marketing options, as well as consumer demands and travel trends, to ensure that industry can take advantage of emerging opportunities and prepare for upcoming challenges.

Accomplishments supporting this goal included:

- Launching a new tourism industry website, designed to act as a comprehensive and user-friendly information resource for industry.

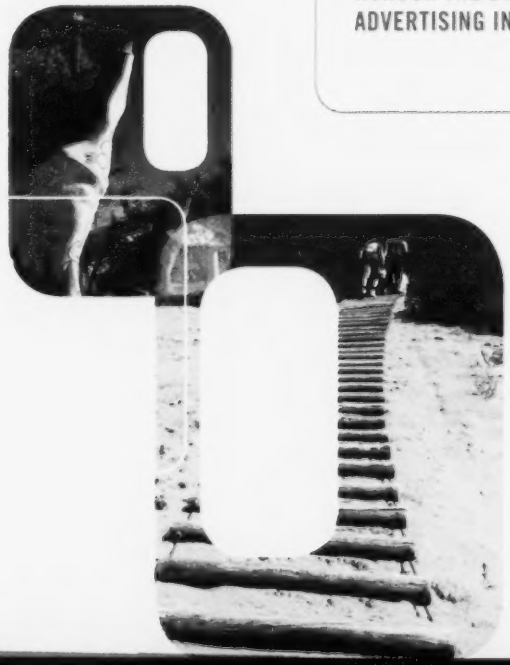

TRAVEL MANITOBA WILL BE THE LEADER IN STIMULATING INNOVATIVE, SUSTAINABLE TOURISM GROWTH IN MANITOBA.
WHO
WHAT
WHEN + WHERE

- Enhancing and expanding Travel Manitoba's industry magazine, *Voyageur*, to include recurring features on tourism development, research updates and interviews with tourism leaders.
- Promoting the value of tourism through effective news media relations.
- Sharing corporate performance and future initiatives with members of industry at Travel Manitoba's annual general meeting.



TRAVEL MANITOBA'S CORPORATE VIDEO WINS AWARD

TRAVEL MANITOBA'S CORPORATE VIDEO, LAUNCHED AT ITS 2007 ANNUAL GENERAL MEETING, WON THE AWARD FOR BEST CORPORATE, PRODUCT OR SERVICE VIDEO AT THE 2008 SIGNATURE AWARDS, HELD TO HONOUR THE BEST IN MANITOBA ADVERTISING IN 2007.



Linking TO THE Future

Building on its achievements to date, Travel Manitoba will be ready to meet the future with innovative ideas and programs designed to strengthen Manitoba's competitive position as a tourism destination; create opportunities for trade, investment and the attraction of qualified workers; support government priorities in competitiveness, community economic development, rural diversification and Aboriginal/Northern development; and create wealth for Manitoba by generating new jobs and increasing provincial tourism expenditures at a rate comparable to the global industry.

Future strategies are designed to:

- Increase visitation from international markets.
- Attract former Manitobans to return, to experience a competitive business environment and new tourism attractions.
- Ignite Manitoba residents' desire to experience their home province, and its attractions and destinations.

INCREASING VISITATION FROM INTERNATIONAL MARKETS

By focusing on a three-pronged approach to target international markets, Travel Manitoba will:

- Build on Manitoba's reputation as the Polar Bear Capital of the World.
- Target the high-volume U.S. markets with initiatives to mitigate the decline in visitation.
- Establish Manitoba as a leader in hosting major events.

POLAR BEAR CAPITAL OF THE WORLD

Manitoba's recognition as an international tourism destination can be attributed to the quality of its premier outdoor adventure products. As the "Polar Bear Capital of Canada", the province has drawn attention in long-haul overseas markets such as the United Kingdom, Germany and Japan. In addition, Polar Bears International recently announced the relocation of its world headquarters to Winnipeg. As well, our world class "catch and release" fishing has given Manitoba a strong reputation as a leader in sustainable fishing in the upper Midwest and southern United States.

Customers visiting Manitoba from longer haul markets generate higher yields for business as they tend to visit longer and spend more during their stay. Enhanced marketing initiatives to further penetrate long haul markets by highlighting our premier fishing/hunting and wildlife viewing products has strong potential to increase visitation from high-yield long-haul markets.

HIGH-VOLUME U.S. MARKETS

Research has indicated that the Minnesota and North Dakota markets have a strong interest in Manitoba's cultural diversity and natural products. However, awareness of Manitoba is low and a sustained marketing program is needed to build understanding of our location and competitive advantages. Travel Manitoba will focus on mitigating border-crossing concerns and re-establishing a "good-neighbour" relationship.

BECOMING A LEADER IN HOSTING MAJOR EVENTS

Manitoba/Winnipeg has a solid track record and reputation of success in hosting national and international events such as the Pan Am Games, the World Junior Hockey Championships and the Juno Awards.

Travel Manitoba and Destination Winnipeg have developed a major events strategy to generate $100 million in economic impact by focusing on hosting major national and international events in Manitoba. The strategy places emphasis on events that involve a minimum of 1,000 participant days.

Winnipeg has also been awarded the **2010 Rendezvous Canada** International Travel Exposition. This trade show will bring together 300 tour operators from around the world with 630 Canadian tourism suppliers. The event generates $45 million in sales of Canadian tourism products. It presents a unique opportunity to showcase Manitoba's tourism products and to introduce the Canadian Museum of Human Rights, expected to be the largest new tourism demand generator in the province, to the international tourism market.

ATTRACTING FORMER MANITOBANS

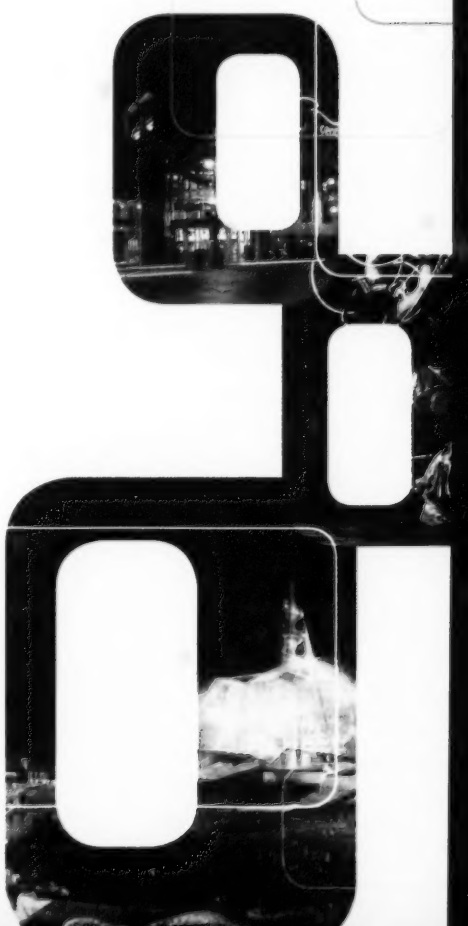
Homecoming 2010 is a year-long signature event targeting former Manitobans to return home to experience a competitive business environment and new tourism attractions. Homecoming 2010 is expected to draw up to 50,000 person visits and generate $20 million in tourism revenues.

Homecoming 2010 will be designed to celebrate the spirit and energy of Manitoba by demonstrating our innovation and competitiveness to former Manitobans. Programming will provide unique opportunities to showcase major events such as the Manito Ahbee Festival and feature the new Winnipeg James Armstrong Richardson International Airport and the Canadian Museum of Human Rights.

IGNITE MANITOBA RESIDENTS' DESIRE TO EXPERIENCE THEIR HOME PROVINCE

Travel by residents of Manitoba within the province generated over $640 million in tourism revenues in 2006. In order to increase these revenues, Travel Manitoba will design strategies to:

- Increase travel by residents through the implementation of a three-year "Celebrate Manitoba" campaign.
- Align with growing rural Manitoba, Aboriginal and Northern Development initiatives to build community tourism capacity.



THE Board OF Directors

PAUL ROBSON
CHAIR OF THE BOARD
OF DIRECTORS

MAX JOHNSON
VICE-CHAIR
PRESIDENT,
GREAT CANADIAN
TRAVEL COMPANY

DOUG STEPHEN
PRESIDENT,
WOW HOSPITALITY

JIM AUGUST
CHIEF EXECUTIVE
OFFICER, THE FORKS
NORTH PORTAGE
PARTNERSHIP

MICHELLE GERVAIS
OWNER, Ô TOURS INC.

DOUG RAMSEY
ASSOCIATE
PROFESSOR,
BRANDON UNIVERSI

BARRY REMPEL
PRESIDENT & CHIEF
EXECUTIVE OFFICER,
WINNIPEG AIRPORTS
AUTHORITY

JULIE TURENNE-MAYNARD
OWNER,
JTM CONSULTING

MICHAEL SPENCE
MAYOR,
TOWN OF CHURCHILL

KAREN OLIVER
GENERAL MANAGER,
PROVINCIAL EXHIBI-
TION OF MANITOBA

WILLIAM YOUNG
OWNER, BLOODVEIN
RIVER LODGE

PHOTOS NOT AVAILAB

CURT ENNS
OWNER, KISSISSING
LODGE

CLAUDETTE LECLERC
EXECUTIVE DIRECTOR
MANITOBA MUSEUM

THE INDUSTRY ADVISORY COMMITTEES

Members are chosen from a cross-section of industry sectors and are appointed by the Board. The committees provide advice to the corporation's management team, addressing the full marketing spectrum, including research, product development, communications, channels of distribution, sales, and timing of activities, as appropriate to their area of focus.

Leisure, Culture and Heritage:

Judy Murphy, Chair
Larry Desrochers
Lois MacDonald
Jim McEachern
Diane Bruyère
David Wass
Scot McTaggart
Michelle Gervais
Jill Lusty
Eric Irwin
Ron Gauthier

Industry, Quality and Competitiveness:

Jim Baker, Chair
Carl Wall
Bev Shuttleworth
Celes Davar
Karen Goossen
Daniel Lussier
Don Finkbeiner
Doug Ramsey
Marina Kulba

Outdoors:

Toni Morberg, Chair
Barbara Hamilton
William Young
Carl Wall
Stan Good
Gerry Turenne
Jill Lusty
Lynda Gunter
Shawn Gurke

OUR PEOPLE

Travel Manitoba's people are vital links in the provincial tourism industry, consistently demonstrating their dedication to enhancing tourism in Manitoba through program development and administration. Our people are committed to fiscal responsibility, accountability and generating solid results.

Hubert Mesman
President and Chief Executive Officer

Carol McDonald
Executive Assistant

Planning & Market Development

Brigitte Sandron
Senior Vice President,
Planning & Market Development

Dené Sinclair
Project Consultant

A.J. Kelly
Administrative Assistant

Lionel Johnston
International Sales Consultant

Rick Gaunt
Manager, Market Intelligence

Yan Cong
Research Analyst

Ryan Schultz
Information Systems Coordinator

Lilian Tankard
Manager, Partnership Programs

Michel LaRivière
Coordinator Partnership Programs

Kevin Palmer
Manager, Outdoor Products

Jeanette Kosie
Database Clerk (Master Angler)

Mark Clarke
Manager, Market Development

Advertising & Communications

Linda Whitfield
Vice President, Advertising & Communications

Cindy Schirrmann
Marketing Assistant

Stephanie Bachewich
Production Manager

Betty Hammond
Database Administrator

Catherine Senecal
Manager, Media Relations

Colette Fontaine
Consultant, Media Tour Program

Linda Deger
Manager, Corporate Communications

Laurenda Madill
Manager, Visitor Services

Lori Schmitt
Supervisor - Explore Manitoba Centre

Karla Pratt
Travel Counsellor

Terry Kolodaychuk
Travel Counsellor

Marnie Watson
Travel Counsellor

Geneviève Desjardins
Travel Counsellor

Marlowe Baiton
Travel Counsellor

Lori Klan
Travel Counsellor - Emerson

Barry Mymko
Warehouse Storekeeper/Visitor Services Administrator

Derek Dabee
Stores Clerk

Industry Development

Wayne Copet
Director, Industry Development

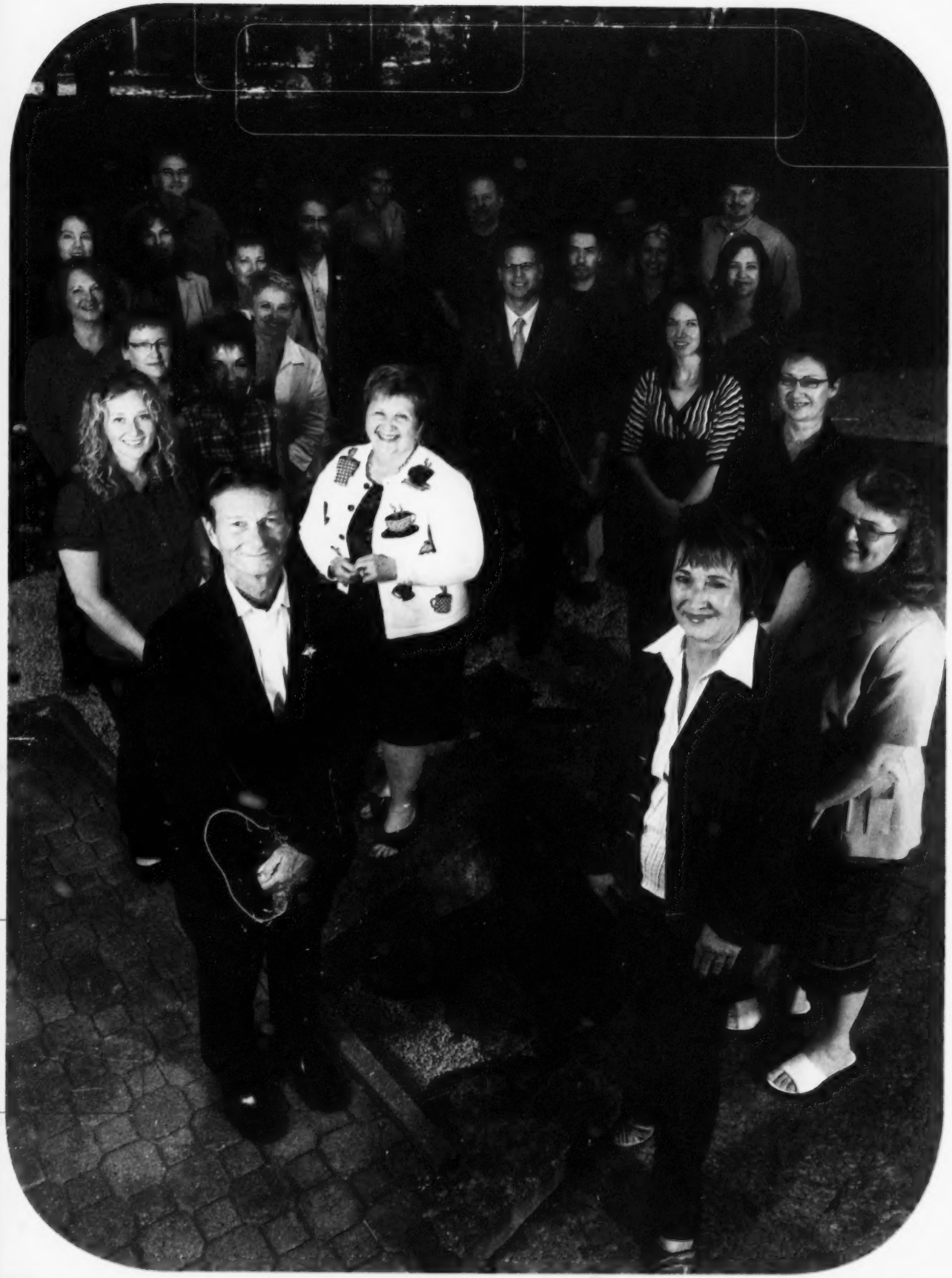
Corporate Services

Penny Stilwell
Director, Corporate Services

Diane Bobbitt
Finance Coordinator

Jerral Holbrook
Corporate Services Coordinator

Travel Manitoba is able to play a leading role in provincial tourism development and marketing because of its dedicated staff who work together to provide industry and visitors with outstanding leadership and service.



Linking THE Numbers

TRAVEL MANITOBA

Financial Statements

FOR THE YEAR ENDED MARCH 31, 2008

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Statement of Changes in Net Assets 30
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Summary of Significant Accounting Policies ... 32
Notes to Financial Statements 34

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
Fax/Télécopieur: (204) 926-7201
Toll Free/Sans frais: 1-800-268-3337
www.bdo.ca

Auditors' Report

To the Members of
TRAVEL MANITOBA

We have audited the statement of financial position of **TRAVEL MANITOBA** as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 9, 2008

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*
BDO Dunwoody s.r.l. *est une société à responsabilité limitée constituée en Ontario*

Statement of Financial Position

AS AT MARCH 31	2008	2007
ASSETS		
Current Assets		
Cash (Note 3)	$ 1,197,632	$ 1,075,215
Short-term deposits (Note 3)	213,686	205,381
Trade accounts receivable	960,073	326,767
Prepaid expenses	34,595	44,865
	2,405,986	1,652,228
Due from the Province of Manitoba (Note 4)	278,473	299,967
Capital Assets (Note 5)	119,765	56,034
	$ 2,804,224	$ 2,008,229
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,390,595	$ 1,165,631
Deferred revenue	30,447	107,080
	1,421,042	1,272,711
Severance Pay Benefits (Note 4)	373,884	310,819
	1,794,926	1,583,530
Commitments (Note 7)		
Net Assets (Page 30)		
Unrestricted	814,533	293,665
Restricted for purchase of capital assets	75,000	75,000
Invested in capital assets	119,765	56,034
	1,009,298	424,699
	$ 2,804,224	$ 2,008,229

Approved on behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Operations

FOR THE YEAR ENDED MARCH 31	2008	2007
Revenue		
Province of Manitoba	**$ 7,544,300**	$ 7,476,600
Partnership and leveraged marketing	**477,066**	650,181
Western Diversification Program	**644,553**	–
Other	**99,341**	46,792
	8,765,260	8,173,573
Expenditures		
Marketing and product development	**5,741,453**	6,028,643
Visitor services	**1,392,116**	1,210,896
Corporate services	**782,051**	709,529
Contribution to Homecoming Inc.	**250,000**	–
Amortization	**15,041**	7,190
	8,180,661	7,956,258
Excess of revenue over expenditures for the year (Page 30)	**$ 584,599**	$ 217,315

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31	UNRESTRICTED	RESTRICTED FOR PURCHASE OF CAPITAL ASSETS	INVESTED IN CAPITAL ASSETS	2008 TOTAL	2007 TOTAL
Net assets, beginning of year	**$ 293,665**	**$ 75,000**	**$ 56,034**	**$ 424,699**	$ 207,384
Excess (deficiency) of revenue over expenditures for the year (Page 29)	**599,640**	**–**	**(15,041)**	**584,599**	217,315
Acquisition of capital assets	**(78,772)**	**–**	**78,772**	**–**	–
Net assets, end of year (Page 28)	**$ 814,533**	**$ 75,000**	**$ 119,765**	**$ 1,009,298**	$ 424,699

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31	2008	2007
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	$ 584,599	$ 217,315
Adjustment for non-cash items		
Amortization	15,041	7,190
	599,640	224,505
Changes in non-cash working capital		
Due from the Province of Manitoba – Operating grant	–	624,700
Trade accounts receivable	(633,306)	(4,289)
Prepaid expenses	10,270	(25,386)
Accounts payable and accrued liabilities	224,964	253,025
Deferred revenue	(76,633)	(57,685)
	(474,705)	790,365
Due from Province of Manitoba	21,494	68,970
Severance pay liability	63,065	23,256
	209,494	1,107,096
Cash Flows from Investing Activities		
Acquisition of capital assets	(78,772)	(29,655)
Net change in short-term deposits	(8,305)	(9,479)
	(87,077)	(39,134)
Net increase in cash and cash equivalents	122,417	1,067,962
Cash and cash equivalents, beginning of year	1,075,215	7,253
Cash and cash equivalents, end of year	$ 1,197,632	$ 1,075,215

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Summary of Significant Accounting Policies

AS AT MARCH 31, 2008

Basis of Reporting The financial statements of the Organization have been prepared in accordance with Canadian generally accepted accounting principles.

Capital Assets Capital assets are recorded at cost and amortized on a declining balance basis at the following rates:

Computer hardware	30% straight-line
Computer software	30% straight-line
Furniture and equipment	5% straight-line
Leasehold improvements	5% straight-line

Revenue Recognition The Organization follows the deferral method of accounting for contributions. Grant revenue is recognized in the period earned. Partnership and marketing revenue are recognized when services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial Instruments The Organization utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Organization's accounting policy for each category is as follows:

Held-for-trading
This category is comprised of short-term deposits. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

Loans and receivables
These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of trade accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities
Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Summary of Significant Accounting Policies

AS AT MARCH 31, 2008

Restricted Fund for Acquisition of Capital Assets

A fund has been established by the Board of Directors in order to finance the future acquisition of capital items which are not funded by the Province of Manitoba through the provision of operating grants. Charges to the fund will occur at the discretion of the President and Chief Executive Officer. Any future redesignation of the fund balance would be subject to approval by the Board of Directors.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Organization, are as follows:

Financial Instruments – Disclosures and Presentation

CICA Handbook Section 3862, *Financial Instruments - Disclosure*, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, *Financial Instruments - Presentation*, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Organization is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

Notes to Financial Statements

AS AT MARCH 31, 2008

1. Nature of Organization

Travel Manitoba was created as a Crown Corporation on April 1, 2005 under *The Travel Manitoba Act* as the culmination of extensive consultation and leadership from both the tourism industry and the provincial government. Travel Manitoba's mission is to be the leader in stimulating innovative, sustainable tourism growth in Manitoba. Travel Manitoba collaborates closely and in partnership with the tourism industry and governments to attract visitors to Manitoba, sustaining and creating jobs and businesses in the tourism sector in the province.

Travel Manitoba receives core funding from the Province of Manitoba to facilitate operations and to mobilize public and private resources to further foster the growth and professionalism of the tourism industry in Manitoba. Travel Manitoba is economically dependent on the Province of Manitoba, because it derives a significant portion of its revenue from the Province of Manitoba.

2. Change in Accounting Policy

On April 1, 2007, the Organization retroactively adopted, without restatement of prior periods, CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements of the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Under these new standards, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no material impact on the Organization's statement of operations.

3. Cash and Short-term Deposits

The Organization invests all surplus cash into short-term deposits with the Province's Treasury Division. These deposits are made up of 30, 60 and 90 day callable term deposits.

4. Severance Pay Benefits

Upon inception on April 1, 2005, the Organization recorded accumulated severance pay benefits receivable and payable of $368,937 transferred from the Province of Manitoba for its employees. This receivable, or portion thereof, for the Organization will be collected by the organization as severance benefits and are paid to employees on record as at April 1, 2005. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when the actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are recorded in the period of the change.

Notes to Financial Statements

AS AT MARCH 31, 2008

An actuarial report was completed for the severance pay liability as of March 31, 2008. The report provides a formula to update the liability on an annual basis. The Organization's actuarially determined net liability for accounting purposes as at March 31, 2008 was $373,884.

During the year, the Organization reduced the receivable from the government in the amount of $21,494 related to employees no longer employed by the Organization.

5. Capital Assets

	2008		2007	
	COST	ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION
Computer hardware	$ 73,664	$ 9,721	$ 3,240	$ 2,065
Computer software	29,503	16,631	24,403	11,394
Furniture and equipment	8,715	1,056	7,277	710
Leasehold improvements	38,153	2,862	36,343	1,060
	$ 150,035	$ 30,270	$ 71,263	$ 15,229
Cost less accumulated amortization		$ 119,765		$ 56,034

6. Employee Pension Benefits

Employees of Travel Manitoba are eligible for pension benefits in accordance with the provisions of *The Civil Service Superannuation Act* (*CSSA*), administered by the Civil Service Superannuation Board. The *CSSA* established a defined benefit plan to provide benefits to employees' of the Manitoba Civil Service and to participating agencies of the Government, including Travel Manitoba, through the Civil Service Superannuation Fund.

The Organization is required to pay the Province of Manitoba an amount equal to its employees current pension contributions. The amount paid for 2008 was $102,071 (2007 - $91,159). Under this agreement, the Organization has no further pension liability.

7. Lease Commitment

The Organization has entered into a lease agreement expiring March 2010 for the rental of facilities at various locations, with total annual payments of $594,034.

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